

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION**

**Call to Order:** By **CHAIRMAN JOHN WITT**, on January 25, 2001 at 8.00 A.M., in Room 102 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. John Witt, Chairman (R)  
Sen. Ken Miller, Vice Chairman (R)  
Rep. Rosalie (Rosie) Buzzas (D)  
Sen. Greg Jergeson (D)  
Sen. Royal Johnson (R)  
Rep. Art Peterson (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Mark Bruno, OBPP  
Amy Carlson, OBPP  
Pam Joehler, Legislative Branch  
Cayenna Johnson, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: Montana University System  
Executive Action: None.

#### **HEARING ON MONTANA UNIVERSITY SYSTEM**

*{Tape : 1; Side : A; Approx. Time Counter : 0}*

**Mr. Mark Bruno, Office of Budget and Program Planning**, gave the committee the following handout entitled, "General Fund Budget Recommendations" from the Governor Martz Executive Budget:

**EXHIBIT** (jeh20a01)

**Ms. Pam Joehler, Legislative Fiscal Division**, gave the committee a supplemental version of the Montana University System LFD Budget Analysis as well as a handout entitled, "Legislative Action—Differences from Martz Executive Budget, HB2 Section E. All Education Agencies, 2003 Biennium—As of January 23, 2001:

**EXHIBIT(jeh20a02)**, and **EXHIBIT(jeh20a03)**

*{Tape : 1; Side : A; Approx. Time Counter : 30}*

**Ms. Kris Wilkinson, Legislative Audit Division (LAD)**, at the request of the committee, presented the performance of the University Facilities Management. Her presentation and handout entitled, "November 2000 Performance Audit: University Facilities Management" can be found in the following:

**EXHIBIT(jeh20a04)**, and **EXHIBIT(jeh20a05)**

The conclusions of the LAD were that 1) there is \$89 million backlog of deferred maintenance across the Montana University System(MUS) campuses but that the deficiencies listed on inventories are not comprehensive and are inconsistent in how deferred maintenance is identified and quantified throughout the campuses; 2) deferred maintenance is not tied to the Long Range Building Program; 3) MUS units are not consistent in identifying deferred maintenance and therefore cannot provide a comparison; and 4) a portion of existing personnel should begin to deal with deferred maintenance. The recommendations of the LAD were that 1) the Board of Regents establish a facilities funding plan and 2)the legislature should examine the LRBP and establish an increased and consistent funding source to address deferred maintenance liabilities.

**REP. PETERSON** asked **Ms. Wilkinson** how this audit compares to the Montana State Capitol's recent refurbishing. **Ms. Wilkinson** replied that it would not be a consistent comparison but that the cost of refurbishing the capitol was \$26 million.

### Montana University System Overview

*{Tape : 1; Side : B; Approx. Time Counter : 20}*

**Mr. Richard Crofts, Commissioner of Higher Education**, began by introducing his staff in attendance and giving a brief outline of the agenda of his presentation.

*{Tape : 2; Side : A; Approx. Time Counter : 1}*

**Ms. Margie Thompson, Chairwoman, Board of Regents,** gave introductory remarks about the Board of Regents and MUS in the following testimony:

**EXHIBIT(jeh20a06)**

*{Tape : 2; Side : A; Approx. Time Counter : 17}*

**Commissioner Crofts** gave an overview of the following MUS PowerPoint presentation pages 1-12 covering "Mission, Vision and Goals of the Montana University System," "Summary of Last Decade," "Biennial Accomplishments," "Restructuring Review," and "Recommendations":

**EXHIBIT(jeh20a07)**

A richer version of the PowerPoint presentation can be found in the two exhibits provided for the committee entitled "Montana University System January 25, 2001" and "Montana University System Regents Fact Book":

**EXHIBIT(jeh20a08), EXHIBIT(jeh20a09)**

Another handout regarding the section entitled "Biennial Accomplishments" was provided for the committee which is entitled "Restructuring Recommendations":

**EXHIBIT(jeh20a10)**

*{Tape : 2; Side : B; Approx. Time Counter : 14}*

**SEN. MILLER** asked about the current unrestricted expenditures regarding the seven states identified in 1980 compared to MUS by the LFD. **Commissioner Crofts** replied that these show a remarkable record of efficiency.

**REP. PETERSON** asked what percentage of the campuses consist of non-traditional students aged 25 or older. **Commissioner Crofts** responded some MUS campuses consist of half non-traditional students but system-wide non-traditional students comprise 18% of the total MUS student population.

The following handout was provided for the committee entitled "State Appropriations for Higher Ed per \$1000 State Personal Income":

**EXHIBIT(jeh20a11)**

*{Tape : 3; Side : A; Approx. Time Counter : 1}*

**SEN. JOHNSON** asked where the rebate money comes from in the Montana Student Loan program. **Mr. Ron Sundsted, Office of the Commissioner of Higher Education (OCHE)** replied it comes from an excess in those indentures between tax exempt payments and rates of student loans.

**REP. PETERSON** asked how the level of student indebtedness compares to other states. **Ms. Arleen Henawalt, Director of MUS Student Loan Program, OCHE**, referring to **Exhibit (10)**, explained South Dakota has a similar level of indebtedness but the other states on the LFD comparison show the average level of indebtedness is from \$7,000-\$11,000 for four years of higher education.

*{Tape : 3; Side : A; Approx. Time Counter : 10}*

**Dr. Joyce Scott, Deputy Commissioner, OCHE**, continued with the MUS overview starting on page 12 of **Exhibit (7)** and covered "Program Review," and "Distance Learning".

**CHAIRMAN WITT** asked for Dr. Scott to provide a list of all programs discontinued or about to be discontinued during the program review.

*{Tape : 3; Side : A; Approx. Time Counter : 20}*

**Commissioner Crofts** continued on page 15 of **Exhibit (7)** and covered "Work with Office of Public Instruction (OPI) and Board of Public Education/Cooperation with K-12".

*{Tape : 3; Side : A; Approx. Time Counter : 27}*

**Ms. Sue Hill, OCHE**, continued with the MUS overview and covered, "Montana University System Achievement Project (MAP)" on pages 15-17 of **Exhibit (7)** and concluded the January 25<sup>th</sup> portion of MUS Hearing.

*{Tape : 3; Side : B; Approx. Time Counter : 0}*

**SEN. JOHNSON** asked about the pay plans of MUS employees. **Ms. Hill** explained that there are 25 grades in Montana State Pay Plan 60. The OCHE employees are separate, most employees are part of a union, and the exempt employees are on an achievement pay which

is tied to specific goals above normal work goals. **Mr. Sundsted** explained that there are 450 exempt employees of 3300 MUS employees.

**REP. PETERSON** stated he was delighted that OCHE had indicated a strong interest in a "seamless web" of education for a K-16 education program. He asked whether OCHE had any documentation to show the collaboration. **Commissioner Crofts** explained the reality is better than the OCHE encouragement due to fact that most of the work done is pursued by professors on their own. **Dr. Scott** stated that the proof of this collaboration can be found in math and writing proficiency projects; however, most work is done informally.

**SEN. JERGESON** asked if there were any national studies that confirmed the results of the LFD study and added it was best to cross reference different studies to get a picture of the greater scheme.

**Proponent Testimony:**

***{Tape : 3; Side : B; Approx. Time Counter : 20}***

**Mr. Jack Ellery, TRW Systems and Information Technology Group,** testified in support of the MUS budget requests. He stated his company is reliant on MUS for providing qualified employees. He added 80% of his staff have earned 4-year degrees and 68% of his staff are from the MUS. He pays nationally competitive salaries. He provided the following handout for the committee:

**EXHIBIT(jeh20a12)**

**REP. PETERSON** asked **Mr. Ellery**, how he would divide the finite tax dollars between a Vo-Tech program and operation and administrative staff. He explained both are important.

***{Tape : 4; Side : A; Approx. Time Counter : 0}***

**Mr. Ed Smith, Montana Hydraulics,** testified in support of the MUS budget requests. He said MMEC within MUS helped his company achieve ISO 2000, and ISO 9000 certification. He added the goals of the MMEC are marketability and producing the best cost effective programs possible.

**Mr. Pat Miller, President, PMF Manufacturing Inc.,** testified in support of the MUS budget requests. He stated he was a 1993

Montana State University graduate and that the MMEC program helps Montana companies achieve a great deal. About 90% of his sales are out-of-state; in the first year of operation he sold over \$1 million in goods; and he predicts sales over \$10 million in 5 years. **Mr. Miller** continued there is no reason Montana cannot be as good as any other state. He distributed a brochure regarding his company and products:

**EXHIBIT (jeh20a13)**

**Mr. Paul Hunter, Manufacturing Manager, Aerospace Tooling,** testified in support of the Helena College of Technology. He stated that 30%-40% of his employees come from Helena College of Technology and that his company is dependent on the Helena College of Technology to train their employees.

*{Tape : 4; Side : A; Approx. Time Counter : 7}*

**Ms. Melody White, Z-Dot Corral,** testified to the committee that the graduate programs have been cut from 12% to 5% of the General Fund. Using the metaphor of "Jenga" she continued that graduate students are what the entire university system is dependent upon. She said education is not expensive; it is an investment.

**Mr. Tyler Disberg, Business Manager, Associated Students of University of Montana,** stated he is \$15,000 in debt and facing a possible 15% increase in tuition. He said in terms of paying for college, when the price is too high, you may not find a return.

**Ms. Molly Nitzel, President, ASUM,** explained that with scholarships and working two or more jobs, she still has accrued \$11,000 in debt. She said with increases in tuition, MUS will likely see even greater decreases in enrollment.

**Mr. Dustin James Hankinson, Senator, ASUM,** asked the committee to put aside accounting technicalities and remember that decisions made now will fall in the hands of today's youth. He asked that legislators invest in Montana's youth.

*{Tape : 4; Side : A; Approx. Time Counter : 20}*

**Mr. Lincoln Bower** testified he had sat in the House Taxation Committee and observed that legislators don't see higher education as an investment. He reminded the committee that funding higher education is an investment in the future.

**Mr. Arron Thompson, University of Montana (UM),** testified that he came to Montana in 1997 from Colorado. He asked that the committee invest in higher education; as tuition increases, fewer people have the opportunity to take advantage of it.

**Ms. Lea Taddonio, UM English Major,** testified rising tuition limits opportunities for resident and non-resident students. She said that supporting higher education is a great investment.

**Mr. Christopher Peterson, UM,** testified to the committee he came from Massachusetts. He explained he will have far too great a debt amount to stay in Montana after he graduates. He told the committee he will be back and appreciated the opportunity to attend college in Montana.

**Mr. Nicholas Dimitrovich, Senator, ASUM,** testified to the committee that with an \$18,000 debt upon graduation, he will need to leave Montana for better wages in order to repay his loans. He said, however, that he will come back to Montana.

***{Tape : 4; Side : A; Approx. Time Counter : 27}***

**ADJOURNMENT**

Adjournment: 12.05 P.M.

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REP. JOHN WITT, Chairman

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CAYENNA JOHNSON, Secretary

JW/CJ

**EXHIBIT** (jeh20aad)